

South Carolina
Energy Advisory Committee
October 13, 2004, Minutes
(approved May 18, 2005)

Attached is a list of committee members and staff in attendance.

The Energy Advisory Committee (EAC) meeting began at 1:07 p.m. Public notification of this meeting was done in compliance with State law. The topics of discussion are arranged under each agenda item in the order that they occurred.

I. Introduction & Welcome

Chairman Reid greeted everyone and called the meeting to order. He announced that Mr. Plowden called him earlier and said that he would not be able to attend the meeting.

Chairman Reid asked Mr. Mitch Perkins to make introductions of new staff members to the SC Energy Office since the Committee last met. Mr. Perkins introduced Ms. Stephanie Childress, State Planner; and Mr. Michael Hughes, ConserFund Program Manager, to the Committee.

II. Approval of Minutes from May 4, 2004, Meeting

Chairman Reid asked for a motion to approve the minutes of the May 4, 2004, meeting.

Mr. Long made a motion to approve the minutes. The motion was seconded by Mr. Logeman and unanimously approved.

III. SC Energy Forecast Model

Ms. Stephanie Childress reported that the RFP for the Forecast Model was issued in April. In June, two excellent proposals were received. One from USC, the other, from Global Insight. In July, the contract was awarded to Global Insight. Global Insight specializes in economic and financial forecasting and data collections. Ms. Childress gave a brief background on the company and discussed the services they will be providing. She stated that by the end of January, the Energy Office will have a draft energy model which incorporates both the energy and economic aspects.

Chairman Reid asked if Mr. Caughman had any comments about the Model. Mr. Caughman said that he looks forward to receiving results from this project. He feels that it is advantageous to have the energy section and the economic section remain separate. Based on his experience in working with a couple different software packages which use different programming

languages, he feels that it is an advantage to having to having the program in one language.

Mr. David Logeman was asked to give comments on the model and he reported that he is excited to see what Global Insight put into the proposal. He said that Global Insight is an internationally recognized firm. He feels that what the state gets out the contract will be helpful and that Energy Office staff will have an opportunity to manipulate and do various types of studies with the model.

Mr. Logeman clarified with Ms. Childress that the economic model had already been delivered. The economic model refers to the general economy data and formulas that will be able to provide forecasting of South Carolina population, demographics and income. It was clarified that the energy model will be integrated with the economic model so that both can be run at the same time. The information is being given to Ms. Childress in increments to ensure that this is what the office is seeking. The first draft of the model is expected in January 2005.

In closing, Dr. Clark stated that the process is a direct result of a request from the Energy Advisory Committee. He stated that Ms. Childress was hired specifically for the role of development of this project.

IV. SC Energy Office Annual Report

Dr. Clark gave a brief overview of the SC Energy Office Annual Report. The report gives a summary of activities and accomplishments throughout the fiscal year. He discussed the measurable results from projects such as the loan program, retrofits, energy audits, and school grant programs in the public facilities sector. Dr. Clark said that the office is working harder to measure results of other things such as industrial workshops, etc. These workshops are extremely popular in the public and private sector, and he reported that the office is working on ways to measure the impact of the workshops on saving energy for our clients. In reviewing the savings from the manufactured housing label program, he explained that law was passed to provide a rebate for energy efficient manufactured homes, and we have developed metrics to show the savings in this area as well.

Chairman Reid asked how the Community services Grant program that was created several years ago to provide grants for community service organizations, has caught on. Dr. Clark responded that there have been a couple of requests from members of the legislature to help with energy related projects in low-income communities. He said the projects resulted in making the buildings energy efficient. A non-profit group in Pamlico serving low-income citizens was awarded a grant, up to \$50,000, for an energy-related improvement project on an old school

building. A brief report was given on a project in Greenwood, an upgrade to the old Brewer Hospital building. The Energy Office has received an application for a project for the Charles Lea Center in Greenville as well. There was a brief discussion regarding these projects.

Mr. Gerald Caughman asked if there is a greater sense of urgency or concern about energy efficiency within the last 6 months in regard to what has happening internationally. He wanted to know if the concern was price sensitive, demand sensitive or supply sensitive, given the fact that gas and oil prices have gone up considerably.

Dr. Clark responded that even though prices have been going up, which makes what we do more relevant, that he did not think that the demand has been any greater for our services.

Mr. Mitch Perkins added that he attended the National Association of State Energy Officials (NASEO) conference recently and the same question was brought up by various sectors that are really being noticed because of higher energy prices. He said that the Department of Energy (DOE) officials are making sure that the short-term solution is energy efficiency. He said that technology is a few years out, but, in order to meet the high demand, the states are recommended to do the energy efficiency type projects.

Dr. Clark stated that the office is having a hard time finding its niche in renewable fuels, even though that would lessen dependence on foreign sources of oil. South Carolina is more dependent on electricity than other parts of the country. Mr. Krause commented on the significant elements of energy costs and research that is being done in this area.

V. NICE₃ - Linpac Paper Project

Chairman Reid stated that one of the EAC members is a participant in a US Department of Energy NICE³ project. Mr. Jim Painter, Vice-President and General Manager, LINPAC Paper, was asked to give the Committee a report on this project. NICE³ represents National Industrial Competitiveness through Energy, Environment and Economics. This is a highly competitive grant program, and Mr. Painter acknowledged the help of SC Energy Office staff, Mitch Perkins, Janet Lockhart and Jean-Paul Gouffray, with the grant application and administration.

The grant provided \$500,000 in federal funds to improve the processing of waste water from LINPAC's liner board mill in Cowpens, SC. Mr. Painter explained the process of a typical virgin paper mill and the process that is used by LINPAC Paper. In addition to the federal grant funds, LINPAC has spent about \$2 million of its own funds on developing the technology.

For a copy of Mr. Painter's presentation, please [click here](#). For a copy of the Dissolved Solids Removal (DSR) Technology, please [click here](#).

There was a brief discussion following the presentation on potential applications of the project and additional opportunities to reduce waste in the paper industry. Chairman Reid congratulated Mr. Painter for the success of the NICE³ project with LINPAC Paper.

VI. Legislative Needs - Demand Side Management (DSM)

Chairman Reid said that another member of the Committee, Mr. Mitch Williams, Manager, Regulatory Affairs, Progress Energy, was asked to bring commentary and discussion on Demand Side Management (DSM). Mr. Williams reported that at the last meeting, there was a question about the use of the DSM report that is prepared by the SC Energy Office. He introduced Ms. Janelle McCain, Director of Public Affairs, Progress Energy, who works closely with the legislative process. Mr. Williams began by giving an update on the history of the report. He referenced the South Carolina Code of Laws Title 58 - Public Utilities, Services and Carriers, Chapter 37 - Energy Supply and Efficiency; Section 58-37-30, which reports on demand-side management activities of gas and electric utilities; forms.

The law requires the Public Service Commission (PSC) to report annually to the General Assembly on "available data regarding the past, on-going, and projected status of demand-side activities and purchase of power from qualifying facilities" as defined in PURPA (1978), for those electric and gas utilities subject to the PSC's jurisdiction.

Electric cooperatives, municipally-owned utilities and the South Carolina Public Service Authority (Santee Cooper) are required to report similar data to the State Energy Office. The Energy Office is to compile and submit the information annually to the General Assembly.

The State Energy Office may provide forms for the reports to the PSC, the coops, municipal utilities and Santee Cooper.

These requirements were included in the South Carolina Energy Conservation and Efficiency Act of 1992.

Mr. Williams said that the SC Energy Office, in cooperation with the PSC, has annually provided forms to the utilities requesting the data for the reports, and has compiled and produced the annual reports to the General Assembly.

The questions in the past regarding this report were centered around if the reports were being used and the benefits of having it done. Mr. Williams reported that no users have been identified and there are no benefits to it. It is provided to the General Assembly as outlined in the Law. There are costs associated with this report, so the question becomes whether or not the report merits continuation.

In order to eliminate the report, the statute will have to be revised. Mr. Williams did emphasize that the staff has done an excellent job in adhering to the requirements of the statute in producing the report.

Chairman Reid asked Mr. Williams to explain the Demand Side Management programs. Mr. Williams said that in the early 80's, DSM activities referred to those activities that customers undertake to manage the demand for electricity or natural gas, which can take various forms. Progress Energy, to date, has various programs. Progress offers financing for energy-efficient appliances for residential customers; 5% energy conservation discount for customers who meet the federal energy star building criteria for structures; and, time of use at real time rates for industrial commercial customers. He said that the effects are captured at a higher level at the energy forecasting process than is done in the Integrated Resource Plan filed annually with the PSC.

Mr. Elliott Elam was asked to what extent does the Department of Consumer Affairs use the DSM reports. Mr. Elam stated it may be referred to, but it is not used daily as a reference. There was a brief discussion, and Dr. Clark was asked to give the Committee a history of the DSM report from the perspective of South Carolina government. Dr. Clark said that this part of the law came as a result of the SC Energy Task Force, which was very active over a five month period the last half of 1991. The Task Force made a number of recommendations which were the basis for legislation that was developed in 1992, the SC Energy Conservation Efficiency Act. He stated that in the late 80's and early 90's it was a different utility world. The focus then was to measure savings through DSM. A lot of this had to do with demand. He said that there is a competitive utility environment now where the distributors are not necessarily also the generators, and that the market structure has changed. He said that as times are now, to do the precise measurements and to show the precise benefits to consumers is a stretch. Dr. Clark concurs with Mr. Williams' findings on the DSM report. The report has been done with great attention to detail over the years, and it takes a lot of staff time. The report is transmitted to the General Assembly electronically.

After additional discussion, Dr. Clark said that changing the reporting requirements would take a legislative action. Because of the structure of the office, a recommendation from the SC Energy Office to the legislature would mean a recommendation from the Budget and Control Board. He said that two years ago, legislation was introduced as a part of a related PSC Bill. A controversial measure was attached to the original bill, and nothing was passed. Dr. Clark said that the Committee could look at simply changing the nature of the report. The utilities could describe the nature of what they are doing and the SC Energy office could let this be a narrative report that would meet the intent of the law, without undertaking the time-consuming measurements used in the past.

Ms. Nancy Vinson said that since the report is time consuming and is not being used, would it be feasible to do a listing of what each utility is doing? This would be an easier format where everything can be found in one place, and it would considerably reduce the time used in producing the report. After additional comments and discussion, a motion was made by Mr. Mitch Williams, and the motion was seconded by Mr. Bob Long for the Energy Advisory Committee to support the SC Energy Office on one or more courses of action as follows: 1) to seek to streamline the current DSM report; and/or 2) support the legislative elimination of the report. The motion was unanimously approved. Chairman Reid stated that the EAC has voiced support for improvement on streamlining of the existing process.

VII. Special Projects Update

- a) Clean Cities; b) Rebuild South Carolina; and c) Biomass

Ms. Chantal Fryer updated the Committee on the Clean Cities program. She gave a brief history of the SCEO's involvement in Clean Cities and reported that the SC Energy Office has partnered with the Catawba COG to run the Palmetto State Clean Cities Fuels Coalition (PSCFC), which has been designated as a Clean Cities Program. The PSCFC was officially designated August 2003, and a program plan was approved by DOE. The designation ceremony took place on January 28, 2004. There are over 80 Clean Cities programs in the nation. The PSCFC region is a nine county region stretching from Aiken to York County. Ms. Fryer stated that being a Clean Cities program allows eligibility for funding through the special projects process. There are nine Clean Cities categories that can be applied for once you are designated as a coalition. This year, four grants were received by the SC Energy Office.

Over the past quarter, a number of things have been done to move the Clean Cities program along. Ms. Fryer reported that recently, an ethanol refueling station opened in Columbia on October 6, 2004, at 1421 Gervais Street. E85 for \$0.85 cents was offered as a promotional event for the day, and owners of flex-fuel vehicles were encouraged to come out and fuel their vehicles and fuel their vehicles. Over 1,800 gallons of E85 fuel was sold. Ms. Fryer said that a total of four stations in Columbia will be opening in early spring 2005. Total dollars in the amount of \$440,000 from a settlement against Willamette for environmental infractions has been set aside to fund infrastructure projects. For more information, she encouraged members to visit: www.E85fuel.com to find out if a vehicle is a flex fuel vehicle. Notification of additional stations opening up in the area will be distributed as they occur. It was asked that as more stations offer E85 fuel, will we see more bulk terminals of ethanol, or production facilities. Ms. Fryer responded that this is the direction South Carolina would like to go in. She further said that legislation to promote tax incentives to get plants to locate in the state to produce either ethanol or biodiesel is

being discussed. South Carolina is a corn deficit state and has to import corn for feed stock, but, the state produces enough soybeans to produce biodiesel, which would make production of same more feasible.

Mr. Kenneth Barnett asked what is being done to let the public know that E85 is available. Ms. Fryer said that a grant in the amount of \$18,000 is being used to promote fuel economy and alternative sources of fuel. Efforts are to educate and promote knowledge to new car buyers. She said that on October 6th, Love Chevrolet and Dick Dyer both worked with the PSCFC and brought out a 2005 Chevy Tahoe and a Mercedes E300, both flex-fuel vehicles able to use (E85) ethanol. Chairman Reid asked if the safety and health environmental regulations are the same for above ground ethanol tanks as for above ground gasoline tanks. Mr. Derrick Huggins responded that the University of South Carolina has a 1500 gallon above ground tank and there was no permit required from DHEC. The University is currently installing an ethanol tank and he said that if they find that the requirements are different for ethanol, he will inform the committee.

Mr. Marc Tye commented that he received a \$2,000 rebate for the purchase of a flex fuel Tahoe.

There was a brief discussion regarding the future stations and if any are planned for the coastal area.

Ms. Fryer then gave the 2004 SCEO Special Project Awards report. For a copy of this report, please [click here](#).

Dr. Janet Lockhart reported on the Rebuild South Carolina program. She reported that Rebuild South Carolina is a part of the national Rebuild America Program supported by the US Department of Energy (DOE). Nationally, Rebuild America is a network of community and business partners committed to promoting energy efficiency through better building design and construction and implementing improvements in existing buildings.

Dr. Lockhart said that the US DOE supports the network with technical assistance services and resources; it does not provide funds for building construction or retrofits. The SC Energy Office formed Rebuild South Carolina in 1996 with a long-range goal of helping state and local government make energy efficiency improvements in 10% of public sector facility space. During the past 8 years the office has signed up 90 state agencies, school districts, colleges, and local governments as Rebuild South Carolina partners. Each partner is committed to implementing improvements in selected facilities. The Energy Office is committed to assist the partner by analyzing utility bills, providing free energy audits, helping the partner with project planning and procurement, and reviewing the project savings.

Rebuild South Carolina partners have completed 33 projects with total annual cost savings of \$850,000. During the next two years covered by this new grant, plans are to implement 20 projects and save an additional \$500,000 annually.

Dr. Lockhart reported that a project success story was published by the DOE featuring one of the SCEO partners - Greenville County. It was stated that Greenville County's first project was a lighting retrofit of the Greenville County Square facility. The County invested the cost savings from that project in a lighting retrofit of the Law Enforcement Center and Detention Center and HVAC equipment upgrades at Greenville County Square. The County is also using a low interest loan from the ConserFund loan program.

Dr. John Clark reported on the success of South Carolina's Special Projects effort. He said that the office received 22% of the Special Projects awards in the Southeast Region and 19% of the money.

The SCEO partnered with the Department of Commerce on development and marketing of biomass energy. A previous grant is being used for an assessment on biomass energy resources to find out:

1. How much is in South Carolina;
2. Where is it located;
3. Where is the concentration; and
4. What are the economics of converting that to useful energy by users in the state?

This study is anticipated to be done by late winter. The study will provide the groundwork for implementation of the \$80,000 Special Projects biomass grant, which focuses on market development in the state. The office will work with partners to systemically develop a plan to implement biomass energy projects where it is cost effective.

Chairman Reid congratulated the office for its leadership in the Southeast Region. He then asked if there was any other business to discuss.

VIII. Other Business

Mr. Grahl asked a question about a program in North Carolina relating to performance contracting and infrastructure projects in low income areas. There was a brief discussion and comparison between North Carolina and South Carolina. Dr. Clark said that the Rebuild South Carolina project funds Energy Audits and Energy Analysis. He also said that the ConserFund loan program funds loans with an 8 year or less payback, up to \$500,000 for state facilities, school districts, local governments and non-profits, in conjunction with performance contracting. Discussion continued on performance contracting projects that the office has been involved in. It was stated that a lot is being done, but South Carolina does not have the legislation that North Carolina has.

Mr. Mitch Perkins said that by the next meeting, the office will look at their options and roles with performance contracting. He will get with Mr. Grahl to further research issues in this area.

Ms. Fryer reported that the Governor signed a proclamation declaring October as Energy Awareness Month. She said that a press release was sent out and is posted on the SCEO web site.

The meeting was adjourned at 3:12 PM.

Attachment A
Committee Members in Attendance

1. Mr. David Reid (Governor's Appointee)
 2. Mr. Marc Tye (Santee Cooper)
 3. Mr. David Logeman (representing Electric Cooperatives)
 4. Mr. Jim Grah1 (representing commercial consumers)
 5. Mr. Bob Long (representing investor-owned gas companies)
 6. Mr. James Painter (representing industrial consumers)
 7. Mr. Elliott Elam (Acting Consumer Advocate)
 8. Mr. Gerald Caughman (representing individual consumer)
 9. Ms. Nancy Vinson (representing environmental groups)
 10. Mr. Eddie Plowden (representing Electric Cooperatives)
 11. Mr. Mitch Williams (representing investor-owned electric companies)
 12. Mr. Jim Cumberland (representing environmental group)
 13. Mr. Derrick Huggins (pending appointee for non-profit public transportation provider)
 14. Mr. C.P. Thomas (pending appointee for commercial consumer)
 15. Mr. Kenneth Barnett (pending appointee for municipally-owned electric utilities)
 16. Mr. Louis Krause (pending appointee for industrial consumer)
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Absent Members:

Mr. Ken Cosgrove (representing oil supplier/dealer);
Mr. Eddie Plowden (representing electric cooperatives);

Vacancy for publicly-owned natural gas

Staff Attending:

Dr. John Clark
Mr. Mitch Perkins
Dr. Janet Lockhart
Ms. Chantal Fryer
Ms. D'Juana Wilson
Ms. Stephanie Childress
Mr. Michael Hughes